# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

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# FORM 8-K

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**CURRENT REPORT**
**Pursuant to Section 13 or 15(d)**
**of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **November 8, 2018**

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# Trinseo S.A.

(Exact name of registrant as specified in its charter)

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| **Luxembourg** | **001-36473** | **N/A** |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (I.R.S. Employer Identification Number) |

**1000 Chesterbrook Boulevard, Suite 300,**
**Berwyn, Pennsylvania 19312**
(Address of principal executive offices, including zip code)

**(610) 240-3200**
(Telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**ITEM 2.02 Results of Operations and Financial Condition**

On November 8, 2018, Trinseo S.A., a public limited liability company ( *société anonyme* ) existing under the laws of Luxembourg (the " Company "), issued a press release announcing its financial results for the third quarter ended September 30, 2018. A copy of the press release is furnished as Exhibit 99.1 hereto. The Company intends to hold an investor call and webcast to discuss these results on Friday, November 9, 2018 at 10 AM Eastern Time. Ahead of this call the Company is also providing investors with prepared remarks and a copy of the investor presentation materials, which will be discussed on the call and are furnished hereto as Exhibits 99.2 and 99.3, respectively.

The information contained herein and in the accompanying exhibits shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

**ITEM 9.01. Financial Statements and Exhibits**

(d) Exhibits

| Exhibit Number | Description |
|---|---|
| 99.1 | Press Release, dated November 8, 2018 |
| 99.2 | Management Commentary, dated November 8, 2018 |
| 99.3 | Investor Presentation, dated November 8, 2018 |

EXHIBIT INDEX

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|---|---|
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**TRINSEO S.A.**

| | |
|---|---|
| By: | /s/ Barry J. Niziolek |
| Name: | Barry J. Niziolek |
| Title: | Executive Vice President and Chief Financial Officer |

Date: November 8, 2018

**Exhibit 99.1**

TRINSEO News Release


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**Trinseo Reports Third Quarter 2018 Financial Results; Updates 2018 Full Year Outlook and Provides 2019 Full Year Outlook**

**Third Quarter 2018 Highlights**

- Net Income of $75 million and diluted EPS of $1.72
- Adjusted EPS of $1.83
- Adjusted EBITDA of $143 million
- Cash provided by operating activities of $56 million; Free Cash Flow of $25 million
- Authorization for new two million share repurchase program

| | Three Months Ended September 30, | |
|---|---|---|
| **$millions, except per share data** | **2018** | **2017** |
| Net Sales | 1,200 | 1,097 |
| Net Income | 75 | 33 |
| EPS(Diluted) ($) | 1.72 | 0.74 |
| Adjusted Net Income* | 79 | 98 |
| Adjusted EPS ($)* | 1.83 | 2.18 |
| EBITDA* | 136 | 89 |
| Adjusted EBITDA* | 143 | 166 |

**For a reconciliation of EBITDA, Adjusted EBITDA, and Adjusted Net Income to Net Income, as well as a reconciliation of Adjusted EPS, see note 2 below.*

BERWYN, Pa — November 8, 2018 — Trinseo (NYSE: TSE), a global materials company and manufacturer of plastics, latex binders and synthetic rubber, today reported its third quarter 2018 financial results with net sales of $1,200 million, net income of $75 million, and earnings per diluted share of $1.72. Third quarter Adjusted EBITDA was $143 million and Adjusted EPS was $1.83.

Net sales in the third quarter increased 9% versus prior year due mainly to the pass through of higher styrene and butadiene costs. In addition, higher sales volume in the Performance Plastics, Synthetic Rubber and Feedstocks segments was partially offset by lower sales volume in the Latex Binders and Polystyrene segments. Third quarter net income of $75 million was $42 million higher than prior year. Third quarter Adjusted EBITDA of $143 million was $23 million lower than prior year.

Prior year third quarter net income included a pre-tax charge of approximately $66 million related to the Company's debt refinancing. In addition, the prior year third quarter results included an unfavorable pre-tax net timing impact of $24 million in comparison to an unfavorable impact of $4 million in the current year. Excluding these impacts, the lower year-over-year profitability was due to generally higher raw material costs, a slowdown in the automotive and tire markets, as well as a slowdown in demand across numerous end markets in China. In addition, in Polystyrene, we saw inventory destocking as customers awaited lower styrene prices in the fourth quarter.

Commenting on the Company's performance, Chris Pappas, Trinseo President and Chief Executive Officer, said, "Our strong profitability in the first half of 2018 was met with challenges in the third quarter due to a variety of market factors that appeared late in the quarter. However, the diversity of our product portfolio assisted us in offsetting some of these challenges. We continue to exhibit strong cash generation and returned $52 million to shareholders via share repurchases and dividends during the quarter, and $144 million so far in 2018."

**Third Quarter Results and Commentary by Business Segment**

- **Latex Binders** net sales of $278 million for the quarter increased 4% versus prior year. The increase was driven by the pass through of higher raw material costs, which was partially offset by lower sales volume, both in Europe from a declining paper market and in Asia due to global trade uncertainty. Adjusted EBITDA of $25 million was $8 million below prior year due primarily to lower margins as well as lower sales volume. Global trade uncertainty and rising raw material costs drove lower margins in Asia, while market competitiveness and product mix led to lower margins in North America.

- **Synthetic Rubber** net sales of $138 million for the quarter increased 16% versus prior year due primarily to the pass through of higher raw material costs. Adjusted EBITDA of $15 million was $21 million above prior year. A large unfavorable timing impact in the prior year, caused by the rapid decline of butadiene during that period, accounted for $28 million of favorable year-over-year variance. This impact was partially offset by margin compression from higher raw material costs and a generally weaker tire market.

- **Performance Plastics** net sales of $401 million for the quarter was 11% above prior year due to a mix of higher sales volume from the ABS expansion in China and the pass through of higher raw material costs. Adjusted EBITDA of $44 million was $19 million below prior year due to a combination of factors including a slowdown in the automotive industry, higher raw material costs and general market uncertainty in China due to ongoing trade dynamics. Specifically, in our ABS business, we saw trade flows shift with more imports into Europe from Asia due to weak demand in China. In our polycarbonate business, we saw increased supply enter an already weakened market, which led to margin compression.

- **Polystyrene** net sales of $252 million for the quarter was 6% above prior year driven by pass through of higher raw material costs which was partially offset by lower sales volume caused by weak market conditions, particularly in Asia, as well as customer destocking in Europe. Adjusted EBITDA of $5 million was $4 million lower than prior year. A combination of weaker market conditions in Asia as well as lower demand in Europe, as customers destocked in anticipation of lower polystyrene prices in the fourth quarter, led to volume and margin declines in comparison to prior year.

- **Feedstocks** net sales of $131 million for the quarter was 18% above prior year due to higher styrene-related sales and, to a smaller extent, higher styrene prices. Adjusted EBITDA of $40 million was $5 million lower than prior year due to a favorable net timing impact in the prior year. Excluding this impact, styrene margin was fairly flat, as higher margin in Asia was offset by lower margin in Europe.

- **Americas Styrenics** Adjusted EBITDA of $35 million for the quarter was $9 million lower than prior year due to lower styrene production as well as lower polystyrene margins.

**Third Quarter Cash Generation**

Cash provided by operating activities for the quarter was $56 million and capital expenditures were $31 million, resulting in Free Cash Flow for the quarter of $25 million. Third quarter cash from operations and Free Cash Flow included approximately $41 million of higher working capital. For a reconciliation of Free Cash Flow to cash provided by operating activities, see note 3 below.

**2018 and 2019 Outlook**

- Fourth quarter 2018 net income of $55 million to $63 million and earnings per diluted share of $1.27 to $1.46
- Fourth quarter 2018 Adjusted EBITDA of $110 million to $120 million and Adjusted EPS of $1.27 to $1.46
- Full year 2018 net income of $348 million to $356 million and earnings per diluted share of $7.96 to $8.15
- Full year 2018 Adjusted EBITDA of $618 million to $628 million and Adjusted EPS of $8.27 to $8.46
- Full year 2019 net income of $344 million to $368 million and Adjusted EBITDA of $600 million to $630 million

Commenting on the outlooks for the fourth quarter and full year 2018 and full year 2019, Pappas said, “We expect sequentially lower profitability in the fourth quarter due primarily to lower styrene margins. In the short-term, we see a continuation of the market conditions that affected the latter part of the third quarter, but we believe that as we progress into 2019 we will see some return to more normal buying patterns as supply chains begin to normalize, automotive production increases in Europe with more models passing the new WLTP standards and as the impact of China stimulus programs begins to become apparent. Overall, 2019 should be another year of solid earnings and very strong cash generation for Trinseo.”

For a reconciliation of fourth quarter and full year 2018 net income to Adjusted EBITDA and Adjusted EPS, see note 2 below. Additionally, refer to the appendix within Exhibit 99.3 of our Form 8-K, dated November 8, 2018, for further details on how net timing impacts are defined and calculated for our segments.

**Conference Call and Webcast Information**

Trinseo will host a conference call to discuss its third quarter 2018 financial results on Friday, November 9, 2018 at 10 AM Eastern Time.

Commenting on results will be Chris Pappas, President and Chief Executive Officer, Barry Niziolek, Executive Vice President and Chief Financial Officer, and David Stasse, Vice President, Treasury and Investor Relations. The conference call will be available by phone at:

Participant Toll-Free Dial-In Number: +1 833-241-7248
Participant International Dial-In Number: +1 647-689-4212
Conference ID: 7049968

The Company will also offer a live Webcast of the conference call with question and answer session via the registration page of the Trinseo Investor Relations website.

Trinseo has posted its third quarter 2018 financial results on the Company’s Investor Relations website. The presentation slides will also be made available in the webcast player prior to the conference call. The Company will also furnish copies of the financial results press release and presentation slides to investors by means of a Form 8-K filing with the U.S. Securities and Exchange Commission.

A replay of the conference call and transcript will be archived on the Company’s Investor Relations website shortly following the conference call. The replay will be available until November 9, 2019.

**About Trinseo**

Trinseo (NYSE:TSE) is a global materials solutions provider and manufacturer of plastics, latex binders, and synthetic rubber. We are focused on delivering innovative and sustainable solutions to help our customers create products that touch lives every day — products that are intrinsic to how we live our lives — across a wide range of end-markets, including automotive, consumer electronics, appliances, medical devices, lighting, electrical, carpet, paper and board, building and construction, and tires. Trinseo had approximately $4.4 billion in net sales in 2017, with 16 manufacturing sites around the world, and approximately 2,200 employees. For more information visit www.trinseo.com.

***Recast of Financial Statements for New Accounting Standard***

*On January 1, 2018, the Company adopted pension accounting guidance that requires employers to present the service cost component of net periodic benefit cost in the same statement of operations line item as other employee compensation costs arising from services rendered during the period. As a result of this adoption, for the three and nine months ended September 30, 2017, the Company reclassified net periodic benefit cost of $1.4 million and $3.8 million, respectively, from “Cost of sales”, and $0.7 million and $2.2 million, respectively, from “Selling, general, and administrative expenses”, to “Other expense (income), net” within the condensed consolidated statement of operations.*

***Use of non-GAAP measures***

*In addition to using standard measures of performance and liquidity that are recognized in accordance with accounting principles generally accepted in the United States of America (“GAAP”), we use additional measures of income excluding certain GAAP items (“non-GAAP measures”), such as Adjusted Net Income, EBITDA, Adjusted EBITDA and Adjusted EPS and measures of liquidity excluding certain GAAP items, such as Free Cash Flow. We believe these measures are useful for investors and management in evaluating business trends and performance each period. These income measures are also used to manage our business and assess current period profitability, as well as to provide an appropriate basis to evaluate the effectiveness of our pricing strategies. Such measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance*

*or liquidity, as applicable. The definitions of each of these measures, further discussion of usefulness, and reconciliations of non-GAAP measures to GAAP measures are provided in the Notes to Condensed Consolidated Financial Information presented herein.*

***Note on Forward-Looking Statements***

*This press release may contain "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Words such as "expect," "estimate," "project," "budget," "forecast," "see," "anticipate," "target," "outlook," "guidance," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. Forward-looking statements in this press release may include, without limitation, forecasts of performance, growth, net sales, business activity, and other matters that involve known and unknown risks, uncertainties and other factors that may cause results, levels of activity, performance or achievements to differ materially from results expressed or implied by this press release. Such factors include, among others: conditions in the global economy and capital markets; the inability of the Company to execute on its business strategy; volatility in costs or disruption in the supply of the raw materials utilized for our products; loss of market share to other producers of chemical products; compliance with laws and regulations impacting our business; changes in laws and regulations applicable to our business; our inability to continue technological innovation and successful introduction of new products; system security risk issues that could disrupt our internal operations or information technology services; the loss of customers; the market price of the Company's ordinary shares prevailing from time to time; the nature of other investment opportunities presented to the Company from time to time; and the Company's cash flows from operations. Additional risks and uncertainties are set forth in the Company's reports filed with the United States Securities and Exchange Commission, which are available at http://www.sec.gov/ as well as the Company's web site at http://www.trinseo.com. As a result of the foregoing considerations, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

**TRINSEO S.A.**

**Condensed Consolidated Statements of Operations**
**(In millions, except per share data)**
**(Unaudited)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Net sales | $ 1,199.7 | $ 1,096.6 | $ 3,557.8 | $ 3,346.3 |
| Cost of sales | 1,068.1 | 948.1 | 3,088.3 | 2,872.3 |
| Gross profit | 131.6 | 148.5 | 469.5 | 474.0 |
| Selling, general and administrative expenses | 60.0 | 65.0 | 186.1 | 179.3 |
| Equity in earnings of unconsolidated affiliates | 34.5 | 43.8 | 113.3 | 93.0 |
| Operating income | 106.1 | 127.3 | 396.7 | 387.7 |
| Interest expense, net | 10.1 | 18.4 | 35.8 | 55.4 |
| Loss on extinguishment of long-term debt | — | 65.3 | 0.2 | 65.3 |
| Other expense (income), net | 2.1 | 2.1 | 2.9 | (0.1) |
| Income before income taxes | 93.9 | 41.5 | 357.8 | 267.1 |
| Provision for income taxes | 19.2 | 8.3 | 64.5 | 56.4 |
| Net income | $ 74.7 | $ 33.2 | $ 293.3 | $ 210.7 |
| Weighted average shares- basic | 42.6 | 43.7 | 43.0 | 43.9 |
| Net income per share- basic | $ 1.75 | $ 0.76 | $ 6.82 | $ 4.80 |
| Weighted average shares- diluted | 43.3 | 44.8 | 43.9 | 45.0 |
| Net income per share- diluted | $ 1.72 | $ 0.74 | $ 6.68 | $ 4.68 |
| | | | | |
| Dividends per share | $ 0.40 | $ 0.36 | $ 1.16 | $ 1.02 |

**TRINSEO S.A.**

**Condensed Consolidated Balance Sheets**
**(In millions, except per share data)**
**(Unaudited)**

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 421.4 | $ 432.8 |
| Accounts receivable, net of allowance for doubtful accounts | 753.1 | 685.5 |
| Inventories | 585.6 | 510.4 |
| Other current assets | 39.0 | 17.5 |
| Total current assets | 1,799.1 | 1,646.2 |
| | | |
| Investments in unconsolidated affiliates | 180.8 | 152.5 |
| Property, plant and equipment, net of accumulated depreciation | 594.3 | 627.0 |
| Other assets | | |
| Goodwill | 69.9 | 72.5 |
| Other intangible assets, net | 195.7 | 207.5 |
| Deferred income tax assets | 32.5 | 35.5 |
| Deferred charges and other assets | 37.7 | 30.8 |
| Total other assets | 335.8 | 346.3 |
| Total assets | $ 2,910.0 | $ 2,772.0 |
| | | |
| **Liabilities and shareholders' equity** | | |
| Current liabilities | | |
| Short-term borrowings and current portion of long-term debt | $ 7.0 | $ 7.0 |
| Accounts payable | 459.9 | 436.8 |
| Income taxes payable | 19.6 | 35.9 |
| Accrued expenses and other current liabilities | 141.7 | 146.9 |
| Total current liabilities | 628.2 | 626.6 |
| Noncurrent liabilities | | |
| Long-term debt, net of unamortized deferred financing fees | 1,161.7 | 1,165.0 |
| Deferred income tax liabilities | 46.4 | 49.2 |
| Other noncurrent obligations | 247.5 | 256.4 |
| Total noncurrent liabilities | 1,455.6 | 1,470.6 |
| | | |
| Commitments and contingencies | | |
| Shareholders' equity | | |
| Ordinary shares, $0.01 nominal value, 50,000.0 shares authorized (September 30, 2018: 48.8 shares issued and 42.5 shares outstanding; December 31, 2017: 48.8 shares issued and 43.4 shares outstanding) | 0.5 | 0.5 |
| Additional paid-in-capital | 572.2 | 578.8 |
| Treasury shares, at cost (September 30, 2018: 6.3 shares; December 31, 2017: 5.4 shares) | (367.6) | (286.8) |
| Retained earnings | 770.9 | 527.9 |
| Accumulated other comprehensive loss | (149.8) | (145.6) |
| Total shareholders' equity | 826.2 | 674.8 |
| Total liabilities and shareholders' equity | $ 2,910.0 | $ 2,772.0 |

**TRINSEO S.A.**

**Condensed Consolidated Statements of Cash Flows**
**(In millions)**
**(Unaudited)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2018 | 2017 |
| **Cash flows from operating activities** | | |
| Cash provided by operating activities | $ 238.5 | $ 194.8 |
| | | |
| **Cash flows from investing activities** | | |
| Capital expenditures | (90.9) | (108.9) |
| Cash paid to acquire a business, net of cash acquired | — | (79.7) |
| Proceeds from capital expenditures subsidy | 1.0 | — |
| Proceeds from the sale of businesses and other assets | 1.8 | 46.2 |
| Distributions from unconsolidated affiliates | — | 0.9 |
| Cash used in investing activities | (88.1) | (141.5) |
| | | |
| **Cash flows from financing activities** | | |
| Deferred financing fees | (0.6) | (19.2) |
| Short-term borrowings, net | (0.2) | (0.2) |
| Purchase of treasury shares | (95.5) | (65.2) |
| Dividends paid | (49.0) | (42.2) |
| Proceeds from exercise of option awards | 2.6 | 8.3 |
| Withholding taxes paid on restricted share units | (8.1) | (0.2) |
| Net proceeds from issuance of 2024 Term Loan B | 696.5 | 700.0 |
| Repayments of 2024 Term Loan B | (701.8) | — |
| Repayments of 2021 Term Loan B | — | (492.5) |
| Net proceed form issuance of 2025 Senior Notes | — | 500.0 |
| Repayments of 2022 Senior Notes | — | (746.0) |
| Prepayment penalty on long-term debt | — | (53.0) |
| Cash used in financing activities | (156.1) | (210.2) |
| Effect of exchange rates on cash | (5.7) | 10.5 |
| Net change in cash and cash equivalents | (11.4) | (146.4) |
| Cash and cash equivalents—beginning of period | 432.8 | 465.1 |
| Cash and cash equivalents—end of period | $ 421.4 | $ 318.7 |

**TRINSEO S.A.**

**Notes to Condensed Consolidated Financial Information**
**(Unaudited)**

**Note 1: Net sales by Segment**

| (In millions) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|---|
| Latex Binders | $ 278.0 | $ 266.3 | $ 814.2 | $ 846.7 |
| Synthetic Rubber | 137.7 | 118.7 | 442.2 | 456.1 |
| Performance Plastics | 400.7 | 362.2 | 1,216.2 | 1,038.4 |
| Polystyrene | 252.3 | 238.4 | 777.5 | 700.2 |
| Feedstocks | 131.0 | 111.0 | 307.7 | 304.9 |
| Americas Styrenics* | — | — | — | — |
| **Total Net Sales** | **$ 1,199.7** | **$ 1,096.6** | **$ 3,557.8** | **$ 3,346.3** |

** The results of this segment are comprised entirely of earnings from Americas Styrenics, our 50%-owned equity method investment. As such, we do not separately report net sales of Americas Styrenics within our condensed consolidated statement of operations.*

**Note 2: Reconciliation of Non-GAAP Performance Measures to Net income**

EBITDA is a non-GAAP financial performance measure that we refer to in making operating decisions because we believe it provides our management as well as our investors with meaningful information regarding the Company's operational performance. We believe the use of EBITDA as a metric assists our board of directors, management and investors in comparing our operating performance on a consistent basis.

We also present Adjusted EBITDA as a non-GAAP financial performance measure, which we define as income from continuing operations before interest expense, net; income tax provision; depreciation and amortization expense; loss on extinguishment of long-term debt; asset impairment charges; gains or losses on the dispositions of businesses and assets; restructuring charges; acquisition related costs and other items. In doing so, we are providing management, investors, and credit rating agencies with an indicator of our ongoing performance and business trends, removing the impact of transactions and events that we would not consider a part of our core operations.

Lastly, we present Adjusted Net Income and Adjusted EPS as additional performance measures. Adjusted Net Income is calculated as Adjusted EBITDA (defined beginning with net income, above), less interest expense, less the provision for income taxes and depreciation and amortization, tax affected for various discrete items, as appropriate. Adjusted EPS is calculated as Adjusted Net Income per weighted average diluted shares outstanding for a given period. We believe that Adjusted Net Income and Adjusted EPS provide transparent and useful information to management, investors, analysts and other stakeholders in evaluating and assessing our operating results from period-to-period after removing the impact of certain transactions and activities that affect comparability and that are not considered part of our core operations.

There are limitations to using the financial performance measures noted above. These performance measures are not intended to represent net income or other measures of financial performance. As such, they should not be used as alternatives to net income as indicators of operating performance. Other companies in our industry may define these performance measures differently than we do. As a result, it may be difficult to use these or similarly-named financial measures that other companies may use, to compare the performance of those companies to our performance. We compensate for these limitations by providing reconciliations of these performance measures to our net income, which is determined in accordance with GAAP.

| (In millions, except per share data) | Three Months Ended September 30, 2018 | 2017 | |
|---|---|---|---|
| **Net income** | **$ 74.7** | **$ 33.2** | |
| Interest expense, net | 10.1 | 18.4 | |
| Provision for income taxes | 19.2 | 8.3 | |
| Depreciation and amortization | 31.8 | 29.2 | |
| EBITDA | $ 135.8 | $ 89.1 | |
| Loss on extinguishment of long-term debt | — | 65.3 | Loss on extinguishment of long-term debt |
| Net loss on disposition of businesses and assets (a) | — | 0.2 | Other expense ,net |
| Restructuring and other charges (b) | 0.9 | 1.5 | Selling, general, and administrative expenses |
| Acquisition transaction and integration costs (c) | 0.1 | 3.8 | Selling, general, and administrative expenses; Cost of sales |
| Asset impairment charges or write-offs (d) | — | 4.3 | Selling, general, and administrative expenses; Cost of sales |
| Other items (e) | 6.1 | 1.6 | Cost of sales, Selling, general, and administrative expenses; Other expense, net |
| Adjusted EBITDA | $ 142.9 | $ 165.8 | |
| Adjusted EBITDA to Adjusted Net Income : | | | |
| Adjusted EBITDA | $ 142.9 | $ 165.8 | |
| Interest expense, net | 10.1 | 18.4 | |
| Provision for income taxes — Adjusted (f) | 21.9 | 21.0 | |
| Depreciation and amortization — Adjusted (g) | 31.5 | 28.6 | |
| Adjusted Net Income | $ 79.4 | $ 97.8 | |
| Adjusted EPS | $ 1.83 | $ 2.18 | |
| | | | |
| Adjusted EBITDA by Segment : | | | |
| Latex Binders | $ 24.7 | $ 32.3 | |
| Synthetic Rubber | 15.5 | (5.6) | |
| Performance Plastics | 43.8 | 62.4 | |
| Polystyrene | 5.0 | 9.1 | |
| Feedstocks | 40.3 | 45.6 | |
| Americas Styrenics | 34.5 | 43.8 | |
| Corporate unallocated | (20.9) | (21.8) | |
| Adjusted EBITDA | $ 142.9 | $ 165.8 | |

(a) Net loss on disposition of businesses and assets during the three months ended September 30, 2017 relates to charges incurred in connection with the sale of the Company's latex and automotive businesses in Brazil.

(b) Restructuring and other charges primarily relate to charges incurred in connection with the upgrade and replacement of the Company's compounding facility in Terneuzen, The Netherlands as well as the Company's decision to cease manufacturing activities at our latex binders manufacturing facility in Livorno, Italy. Note that the accelerated depreciation charges incurred as part of the upgrade and replacement of the Company's compounding facility in Terneuzen, The Netherlands are included within the "Depreciation and amortization" caption above, and therefore are not included as a separate adjustment within this caption.

(c) Acquisition transaction and integration costs for the periods presented above relate to advisory and professional fees incurred in conjunction with the Company's acquisition of API Plastics. The three months ended September 30, 2017 also include a non-cash fair value inventory adjustment recorded in conjunction with the API Plastics acquisition.

(d) Asset impairment charges or write-offs for the three months ended September 30, 2017 relate to the impairment of certain long-lived assets within the Company's Performance Plastics segment.

(e) Other items for the three months ended September 30, 2018 primarily relate to advisory and professional fees incurred in conjunction with the Company's initiative to transition business services from The Dow Chemical Company, including certain administrative services such as accounts payable, logistics, and IT services, as well as fees incurred in conjunction with the Company's term loan repricing which was completed during the third quarter of 2018. Other items for the three months ended September 30, 2017 primarily relate to fees incurred in conjunction with the Company's debt refinancing completed during the third quarter of 2017.

(f) Adjusted to remove the tax impact of the items noted in (a), (b), (c), (d), (e), and (g). The income tax expense (benefit) related to these items was determined utilizing either (1) the estimated annual effective tax rate on our ordinary income based upon our forecasted ordinary income for the full year, or (2) for items treated discretely for tax purposes, we utilized the applicable rates in the taxing jurisdictions in which these adjustments occurred. Additionally, the three months ended September 30, 2018 excludes a $0.9 million discrete tax benefit related to certain legal entity restructurings, as well as $0.6 million in tax benefits related to provision to return adjustments.

(g) For the three months ended September 30, 2018 and 2017 the amounts exclude accelerated depreciation of $0.3 million and $0.6 million, respectively, related to the upgrade and replacement of the Company's compounding facility in Terneuzen, The Netherlands.

For the same reasons discussed above, we are providing the following reconciliation of forecasted net income to forecasted Adjusted EBITDA and Adjusted EPS for the three months ended December 31, 2018, as well as for the full year ended December 31, 2018. See "Note on Forward-Looking Statements" above for a discussion of the limitations of these forecasts.

| (In millions, except per share data) | Three Months Ended December 31, 2018 | Year Ended December 31, 2018 | Year Ended December 31, 2019 |
|---|---|---|---|
| Adjusted EBITDA | $ 110 - 120 | $ 618 - 628 | $ 600 - 630 |
| Interest expense, net | (10) | (46) | (40) |
| Provision for income taxes | (13) - (15) | (77) - (79) | (86) - (92) |
| Depreciation and amortization | (32) | (128) | (130) |
| Reconciling items to Adjusted EBITDA (h) | — | (18) | — |
| **Net Income** | 55 - 63 | 348 - 356 | 344 - 368 |
| Reconciling items to Adjusted Net Income (h) | — | 13 | — |
| Adjusted Net Income | 55 - 63 | 362 - 370 | 344 - 368 |
| | | | |
| Weighted average shares- diluted (i) | 43.3 | 43.7 | 43.3 |
| EPS - diluted | $ 1.27 – 1.46 | $ 7.96 – 8.15 | $ 7.94 - 8.49 |
| Adjusted EPS | $ 1.27 – 1.46 | $ 8.27 – 8.46 | $ 7.94 - 8.49 |

(h) Reconciling items to Adjusted EBITDA and Adjusted Net Income are not typically forecasted by the Company based on their nature as being primarily driven by transactions that are not part of the core operations of the business. As such, for the forecasted three months ended December 31, 2018, full year ended December 31, 2018 and full year ended December 31, 2019, we have not included estimates for these items.

(i) Weighted average shares calculated for the purpose of forecasting Adjusted EPS do not forecast significant future share transactions or events, such as repurchases, significant stock-based compensation award grants, and changes in the Company's share price. These are all factors which could have a significant impact on the calculation of Adjusted EPS during actual future periods.

**Note 3: Reconciliation of Non-GAAP Liquidity Measures to Cash from Operations**

The Company uses Free Cash Flow to evaluate and discuss its liquidity position and results. Free Cash Flow is defined as cash from operating activities, less capital expenditures. We believe that Free Cash Flow provides an indicator of the Company's ongoing ability to generate cash through core operations, as it excludes the cash impacts of various financing transactions as well as cash flows from business combinations that are not considered organic in nature. We also believe that Free Cash Flow provides management and investors with a useful analytical indicator of our ability to service our indebtedness, pay dividends (when declared), and meet our ongoing cash obligations.

Free Cash Flow is not intended to represent cash flows from operations as defined by GAAP, and therefore, should not be used as an alternative for that measure. Other companies in our industry may define Free Cash Flow differently than we do. As a result, it may be difficult to use this or similarly-named financial measures that other companies may use, to compare the liquidity and cash generation of those companies to our own. The Company compensates for these limitations by providing the reconciliation below, which is determined in accordance with GAAP.

**Free Cash Flow**

| (in millions) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|---|
| Cash provided by operating activities | $ 56.1 | $ 158.3 | $ 238.5 | $ 194.8 |
| Capital expenditures | (31.5) | (34.6) | (90.9) | (108.9) |
| Free Cash Flow | $ 24.6 | $ 123.7 | $ 147.6 | $ 85.9 |

**Third Quarter 2018 Earnings Management Commentary**
November 8, 2018

Trinseo had third quarter net income of $75 million and Adjusted EBITDA of $143 million. In addition, earnings per diluted share was $1.72 and Adjusted EPS was $1.83. These results included $4 million of unfavorable net timing impacts, on a pre-tax basis, and were in line with guidance from our third quarter pre-release earnings announcement, but lower than our initial third quarter guidance we provided during the second quarter earnings call.

Key Points

- Third quarter total company profitability was impacted by generally higher raw material costs, a slowdown in the automotive and tire markets, as well as lower demand across numerous end markets in China
- Fourth quarter guidance of $55 million to $63 million of net income and $110 million to $120 million of Adjusted EBITDA is sequentially lower due primarily to lower styrene margins; assumes no short-term material improvement in market conditions and no unplanned styrene outages
- Full year 2019 guidance of $344 million to $368 million of net income and $600 million to $630 million of Adjusted EBITDA
- Continued strong cash generation
    - Expect to generate $380 million to $410 million of cash from operations and $250 million to $280 million of Free Cash Flow for full year 2018
    - $52 million and $144 million of cash returned to shareholders via share repurchases and dividends in Q3 and year to date, respectively
- Received authorization for new two million share repurchase program

Segment Results and Cash Generation

In Latex Binders we continued to see solid results as we shift our portfolio to more diversified chemistries, value-added product offerings and new markets. Third quarter Adjusted EBITDA of $25 million, which included $3 million of unfavorable timing impacts, was essentially in line with guidance excluding net timing impacts.

Synthetic Rubber third quarter Adjusted EBITDA of $15 million, which included a $3 million favorable net timing impact, was below guidance primarily due to lower SSBR sales volume, as the tire market remained softer than expected. Year-to-date SSBR sales volume was 6% higher than prior year and we expect a similar growth rate for the full year.

Performance Plastics third quarter Adjusted EBITDA of $44 million included an unfavorable net timing impact of approximately $1 million. This result was below guidance due to several factors, including higher raw material costs, lower automotive production, particularly in Europe due to new emissions standards, as well as lower demand across numerous end markets in China. In ABS and polycarbonate, the weakness in China not only impacted that region, but resulted in a higher level of imports into Europe, which affected the margins in that region as well. In polycarbonate, additional supply became available as new supply entered the market in China and as the operational issues of our competitors were resolved.

Polystyrene third quarter Adjusted EBITDA was $5 million, including approximately $2 million of unfavorable net timing. Third quarter profitability was below guidance due to weaker market conditions in Asia as well as customer destocking in Europe in anticipation of lower prices in the fourth quarter, both of which led to lower volume and margin.

Feedstocks third quarter Adjusted EBITDA was $40 million including an unfavorable net timing impact of $2 million. This result was above our guidance of $20 million due to sustained, higher styrene margins as well as impacts from some unplanned outages.

Americas Styrenics third quarter Adjusted EBITDA was $35 million which was in line with guidance. This result was $9 million lower than prior year due to lower styrene production and lower polystyrene margins.

Cash provided by operating activities for the quarter was $56 million and capital expenditures were $31 million, resulting in Free Cash Flow for the quarter of $25 million. Third quarter cash from operations and Free Cash Flow included an impact of approximately $41 million from higher working capital. At the end of the quarter, we had $421 million of cash after $35 million of share repurchases during the quarter and $17 million of dividends. On a year to date basis we have returned $144 million to shareholders via these mechanisms.

Guidance

In total for Trinseo we expect fourth quarter net income of $55 million to $63 million, Adjusted EBITDA of $110 million to $120 million, and diluted EPS and Adjusted EPS of $1.27 to $1.46. This expectation assumes no material improvement in the market conditions that affected the latter part of the third quarter, and is sequentially lower due mainly to lower expected styrene margins as more capacity returns to operation.

For full year 2018 guidance, we are now estimating net income of $348 million to $356 million, diluted EPS of $7.96 to $8.15 and Adjusted EPS of $8.27 to $8.46. We are also estimating Adjusted EBITDA of $618 million to $628 million. In addition, for the full year 2018, we expect cash from operations of $380 million to $410 million and capital expenditures of about $130 million, resulting in $250 million to $280 million of Free Cash Flow. This estimate assumes cash paid for interest of $50 million and cash paid for taxes of $90 million.

Our fourth quarter and full year estimates assume minimal impact from net timing and no unplanned styrene outages during the fourth quarter. Fourth quarter segment guidance is below, along with our assumptions for these estimates:

- Latex Binders (~$28 million Adjusted EBITDA): Steady performance, similar to the third quarter excluding net timing impacts
- Synthetic Rubber ($10 million to $15 million): Increasing SSBR sales volume from winter tire production and seasonality
- Performance Plastics ($35 million to $40 million): ABS and polycarbonate market pressures persist from weakness in China and lower automotive production
- Polystyrene (~$10 million): Higher sequential profitability; already seeing an uptick in fourth quarter buying activity following the third quarter destocking
- Feedstocks (~$20 million): Lower sequential results in the fourth quarter as more supply returns to operation following third quarter outages
- Americas Styrenics (~$30 million): Lower styrene margins following third quarter outages

We experienced very good business dynamics through the first 8 months of 2018. Despite the well-known industry challenges outlined for the last third of the year, Trinseo expects a solid year with excellent cash generation and progress on various components of our growth agenda.

As we look to 2019 we see another year of solid earnings and strong cash generation. Our guidance midpoint of $356 million of net income, $615 million of Adjusted EBITDA and $8.21 of EPS is based on an expectation of a gradual return to more normal buying patterns for Synthetic Rubber and Performance Plastics, continued solid performance from Latex Binders and strong operating rates in styrene and polystyrene. This guidance assumes no unplanned styrene outages in 2019.

With relatively low capital expenditures, a tax rate of about 20% and cash interest similar to 2018, Trinseo should have another year of strong cash generation in 2019. Cash provided by operating activities and Free Cash Flow are expected to be between $370 million and $420 million, and $250 million and $300 million, respectively, and we expect to maintain healthy returns of cash to shareholders.

*Use of non-GAAP measures*

*In addition to using standard measures of performance and liquidity that are recognized in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we use additional measures of income excluding certain GAAP items ("non-GAAP measures"), such as Adjusted EBITDA and Adjusted EPS, and measures of liquidity excluding certain GAAP items, such as Free Cash Flow. We believe these measures are useful for investors and management*

*in evaluating business trends and performance each period. These income measures are also used to manage our business and assess current period profitability, as well as to provide an appropriate basis to evaluate the effectiveness of our pricing strategies. Such measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance or liquidity, as applicable. The definitions of each of these measures, further discussion of usefulness, and reconciliations of non-GAAP measures to GAAP measures are provided in the Form 8-K filing for this commentary in Exhibit 99.1-Press Release, dated November 8, 2018.*

*Note on Forward-Looking Statements*

*This commentary may contain "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Words such as "expect," "estimate," "project," "budget," "forecast," "see", "anticipate," "target," "outlook," "guidance," "intend," "plan," "may," "will," "could," "should," "see," "assume," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. Forward-looking statements in this commentary may include, without limitation, forecasts of growth, net sales, business activity, acquisitions, financings and other matters that involve known and unknown risks, uncertainties and other factors that may cause results, levels of activity, performance or achievements to differ materially from results expressed or implied by this commentary. Such factors include, among others: conditions in the global economy and capital markets; the inability of the company to execute its business strategy; volatility in costs or disruption in the supply of the raw materials utilized for our products; loss of market share to other producers of chemical products; compliance with laws and regulations impacting our business; changes in laws and regulations applicable to our business; our inability to continue technological innovation and successful introduction of new products; system security risk issues that could disrupt our internal operations or information technology services; the loss of customers; the market price of the Company's ordinary shares prevailing from time to time; the nature of other investment opportunities presented to the Company from time to time; and the Company's cash flows from operations. Additional risks and uncertainties are set forth in the Company's reports filed with the United States Securities and Exchange Commission, which are available at http://www.sec.gov/ as well as the Company's web site at http://www.trinseo.com. As a result of the foregoing considerations, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this commentary. All forward-looking statements are qualified in their entirety by this cautionary statement. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

November 8, 2018

# Third Quarter 2018 Financial Results

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# Introductions & Disclosure Rules

## Introductions

- **Chris Pappas, President & CEO**
- **Barry Niziolek, Executive Vice President & CFO**
- **David Stasse, Vice President, Treasury & Investor Relations**

## Disclosure Rules

*Cautionary Note on Forward-Looking Statements.* This presentation contains forward-looking statements including, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts or guarantees or assurances of future performance. Forward-looking statements may be identified by the use of words like "expect," "anticipate," "intend," "forecast," "outlook," "will," "may," "might," "see," "assume," "potential," "likely," "target," "plan," "contemplate," "seek," "attempt," "should," "could," "would" or expressions of similar meaning. Forward-looking statements reflect management's evaluation of information currently available and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Factors that might cause such a difference include, but are not limited to, those discussed in our Annual Report on Form 10-K, under Part I, Item 1A — "Risk Factors" and elsewhere in our other reports filed with the U.S. Securities and Exchange Commission. As a result of these or other factors, our actual results may differ materially from those contemplated by the forward-looking statements. Therefore, we caution you against relying on any of these forward-looking statements. The forward-looking statements included in this presentation are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

This presentation contains financial measures that are not in accordance with generally accepted accounting principles in the US ("GAAP") including EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS and Free Cash Flow. We believe these measures provide relevant and meaningful information to investors and lenders about the ongoing operating results of the Company. Such measures when referenced herein should not be viewed as an alternative to GAAP measures of performance or liquidity, as applicable. We have provided a reconciliation of these measures to the most comparable GAAP metric alongside of the respective measure or otherwise in the Appendix section of this presentation.

# Key Points

TRINSEO

## Q3 Results

- Net income of $75 million and Adj EBITDA* of $143 million
- Results impacted by higher raw material costs, automotive and tire market slowdown as well as continued uncertainty from global trade dynamics; partially offset by higher styrene margins

## Full Year 2018 Outlook

- Net income of $348 million to $356 million, Diluted EPS of $7.96 to $8.15
- Adj EBITDA* of $618 million to $628 million, Adj EPS* of $8.27 to $8.46
- Outlook assumes no material change to current market conditions, no additional styrene outages and minimal net timing impacts

## Full Year 2019 Outlook

- Net income of $344 million to $368 million, Diluted EPS of $7.94 to $8.49
- Adj EBITDA* of $600 million to $630 million, Adj EPS* of $7.94 to $8.49
- Assumes no unplanned styrene outages, minimal net timing impacts and gradual recovery in the automotive and tire markets as well as improvement in China's economic condition

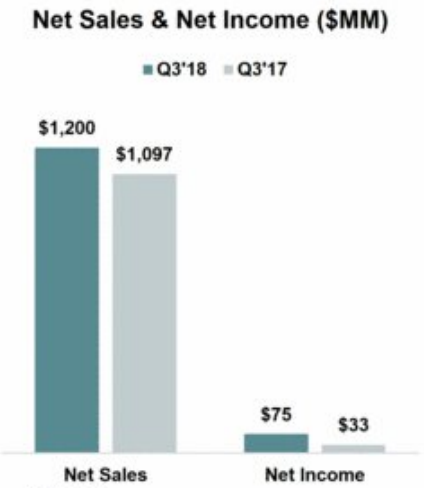
## Cash Generation 2018

- Expect to generate $380 million to $410 million Cash from Operations and Free Cash Flow* of $250 million to $280 million
- Returned $52 million and $144 million of cash to shareholders via share repurchases and dividends in Q3 and 2018 YTD, respectively

* See Appendix for reconciliation of non-GAAP measures.

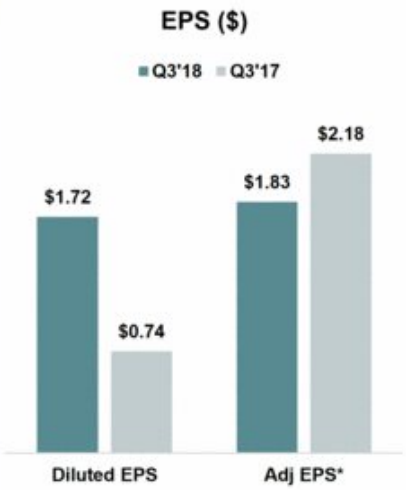
# Trinseo Q3 2018 Financial Results

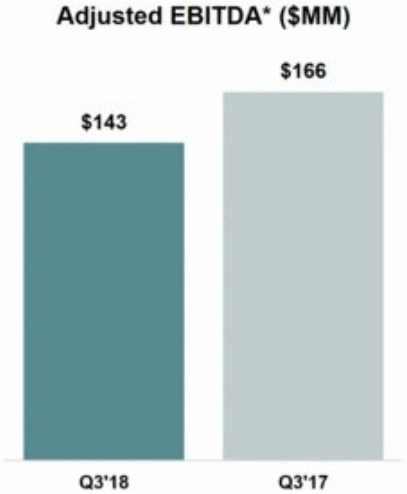
TRINSEO




**Net Sales**

| Vol | Price | FX | Portfolio | Total |
|---|---|---|---|---|
| 3% | 7% | 0% | (0%) | 9% |



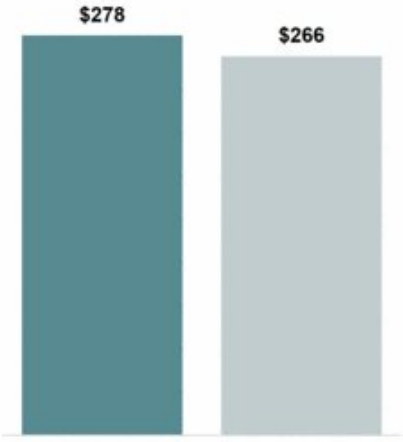

- **Prior year net income included a $66 million pre-tax charge related to the Company's debt refinancing**
- **Excluding one-time charges, lower year-over-year profitability driven by higher raw material costs, lower automotive production in Europe and global trade uncertainty**
- **Cash from operations of $56 million and Free Cash Flow* of $25 million included $41 million of higher working capital; $35 million of share repurchases in the quarter**

* See Appendix for reconciliation of non-GAAP measures.

# Latex Binders

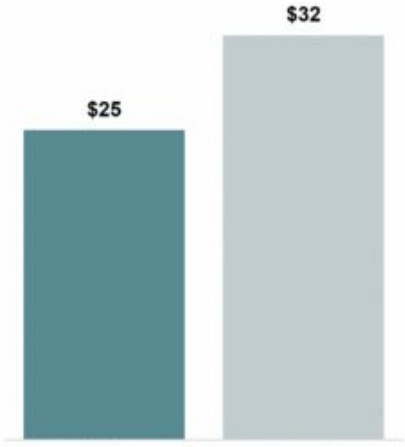
TRINSEO

### Net Sales ($MM)

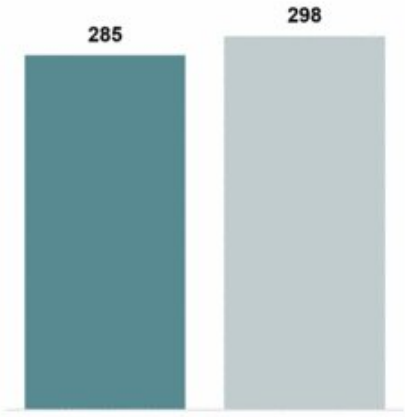



| Vol | Price | FX | Total |
|---|---|---|---|
| (4%) | 8% | 0% | 4% |

### Adjusted EBITDA ($MM)




### Volume (MM Lbs)



- **Continued mix shift improvement – replacing traditional SB Latex with alternative chemistries**
- **Adjusted EBITDA below prior year due mainly to lower margin from higher raw material costs, trade uncertainty and market competitiveness**

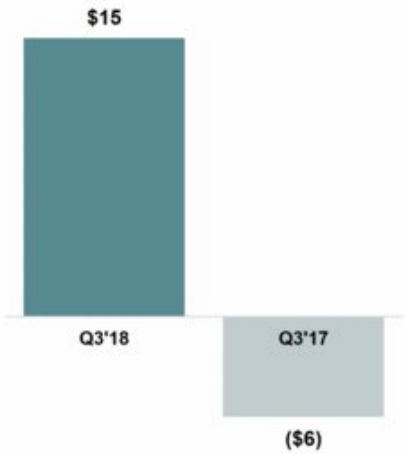
# Synthetic Rubber

TRINSEO

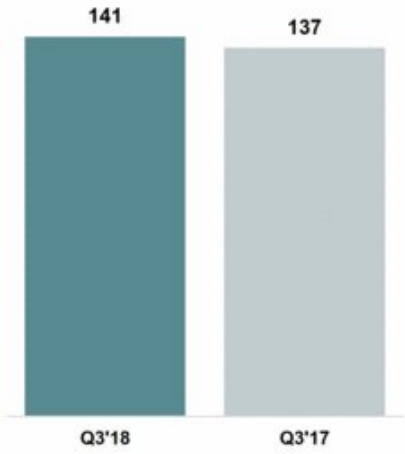
### Net Sales ($MM)

| Vol | Price | FX | Total |
|---|---|---|---|
| 3% | 13% | 0% | 16% |

### Adjusted EBITDA ($MM)




### Volume (MM Lbs)



- YTD SSBR sales volume growth of 6%; higher price due to raw material pass through
- Adjusted EBITDA higher versus prior year due to favorable year-over-year net timing impact of $28 million (unfavorable $25 million in prior year); excluding net timing, margin was lower due to weaker market conditions and higher raw material costs

# Performance Plastics

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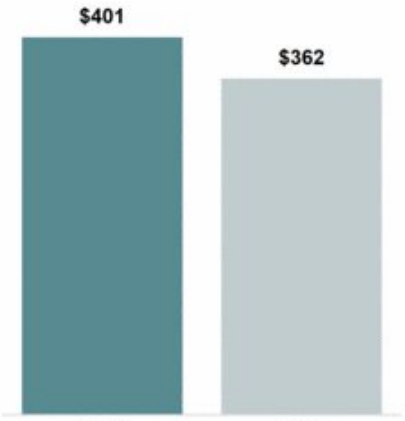
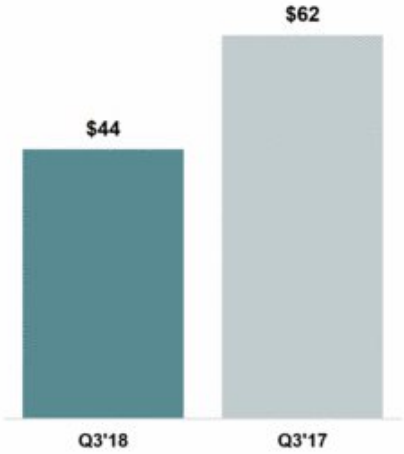
**Net Sales ($MM)**

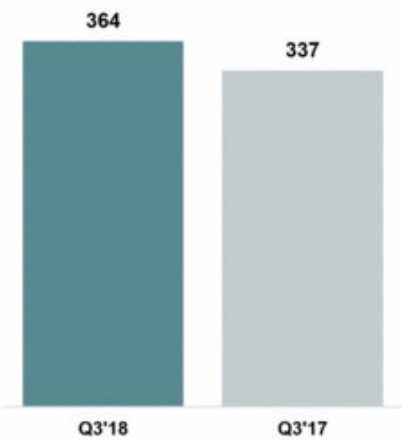



| Vol | Price | FX | Portfolio | Total |
|---|---|---|---|---|
| 8% | 3% | 0% | (0%) | 11% |

**Adjusted EBITDA ($MM)**




**Volume (MM Lbs)**

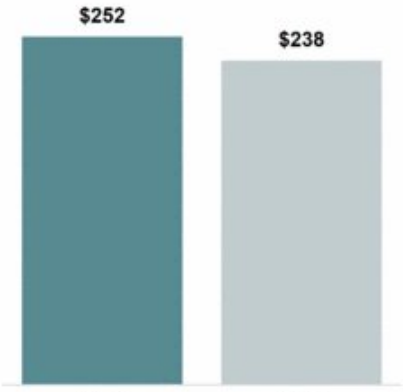


- **ABS sales volume growth in China driving higher year-over-year net sales**
- **Lower Adjusted EBITDA versus prior year from ABS and polycarbonate margin compression due to higher raw materials, lower automotive production in Europe, lower China demand and global trade uncertainty**

# Polystyrene

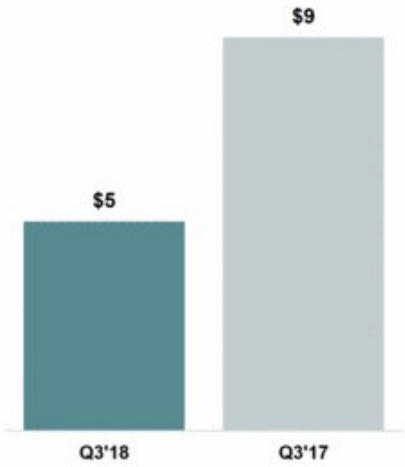
TRINSEO

### Net Sales ($MM)

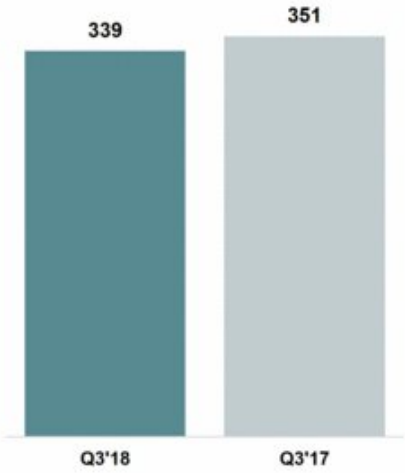



| Vol | Price | FX | Total |
|---|---|---|---|
| (3%) | 9% | 0% | 6% |

### Adjusted EBITDA ($MM)




### Volume (MM Lbs)

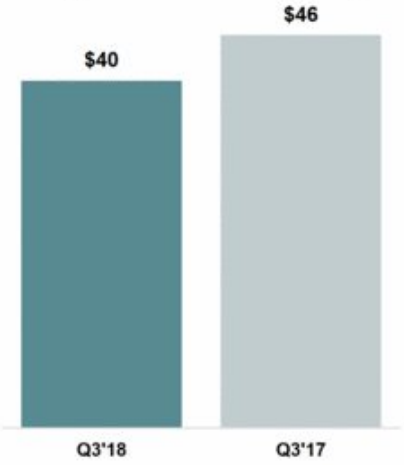


- Higher net sales versus prior year due to the pass through of higher styrene costs
- Lower sales volume and margin versus prior year due to market uncertainty in Asia as well as customer destocking in Europe in anticipation of lower fourth quarter prices

# Feedstocks & Americas Styrenics

## FEEDSTOCKS

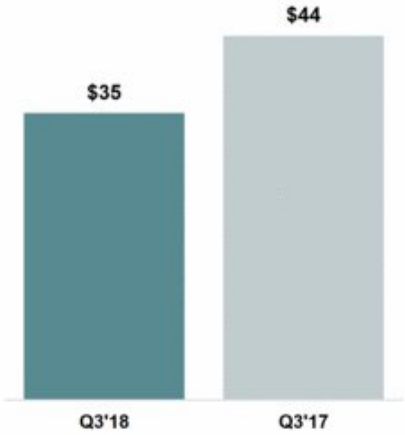
Adjusted EBITDA ($MM)




- Year-over-year variance due to net timing
- Styrene margins are essentially flat with prior year as higher margins in Asia were offset by lower margins in Europe

## AMERICAS STYRENICS

Adjusted EBITDA ($MM)




- Year-over-year decrease due to lower styrene production and lower polystyrene margins
- Dividends: $18 million in Q3 2018

# Western Europe and Asia Styrene Margin Trends

TRINSEO

## Western Europe Margin (1)

## Asia Margin (2)

Trinseo's Feedstocks reporting segment captures styrene monomer margin through both internally produced and cost-based purchases of styrene. In 2018, we estimate that we will produce approximately 700 kilotons of styrene in Western Europe and purchase approximately 185 kilotons of styrene in Asia with cost-based economics. With all other inputs remaining equal, a $50 per metric ton change in styrene margins would be expected to impact the Feedstocks reporting segment's annual Adjusted EBITDA by approximately $35 million in Europe and approximately $9 million in Asia. Other factors that could impact the Feedstocks segment Adjusted EBITDA include, but are not limited to, utilities, freight, manufacturing costs, overhead costs, production outages, currency, discounts of styrene, benzene, and ethylene, as well as raw material timing.

SOURCE: Western Europe Styrene, Benzene, Ethylene Prices: ICIS. Asia Styrene, Benzene, Ethylene prices: IHS. Styrene margin over raw materials: Trinseo. (1) Styrene: W. Europe Contract Monthly Market (Delivered W. Europe); Benzene: 50% W. Europe Spot Avg (CIF NW Europe / Basis ARA) and 50% W. Europe Contract – Market (FOB/CIF W. Europe); Ethylene: W. Europe Contract – Market Pipeline (Delivered W. Europe). (2) Styrene: NE Asia Avg Spot Posting (CFR China); Benzene: NE Asia Spot Avg (FOB S. Korea); Ethylene: NE Asia Spot Avg (CFR NE Asia). Styrene margin over raw materials: Styrene less (80% * Benzene) less (30% * Ethylene).

# Q4 and Full Year 2018 Outlook

TRINSEO

| | Q4 Adj EBITDA* ($MM) | FY Adj EBITDA* | Assumptions |
|---|---|---|---|
| Latex Binders | ~$28 | ~$115 | • Steady performance in Q4, some improvement in Asia from lower butadiene costs<br>• Continued cost focus and mix shift improvement |
| Synthetic Rubber | $10 - $15 | $82 - $87 | • Softer than expected tire markets, ramp of new SSBR capacity slower than expected<br>• FY includes ~$13 million favorable net timing impacts |
| Performance Plastics | $35 - $40 | $193 - $198 | • Macroeconomic challenges continue in Q4<br>• High single digit ABS growth due to China expansion |
| Polystyrene | ~$10 | ~$40 | • Sequential improvement as Q3 destocking ends and margins increase<br>• Seeing sales volume uptick in Q4 |
| Feedstocks | ~$20 | ~$135 | • Q4 sequentially lower with no known unplanned outages<br>• FY includes~$30 million unplanned outage impacts through Q3 |
| Americas Styrenics | ~$30 | ~$143 | • Steady performance in Q4<br>• FY includes unplanned outage impacts through Q3 |
| Corporate | ~($25) | ~($90) | • Full year effective tax rate of ~19%<br>• Cash Paid for Interest of ~$50 million, Cash Paid for Income Taxes of ~$90 million, CapEx of ~$130 million |
| Net Income | $55 - $63 | $348 - $356 | |
| Adjusted EBITDA* | $110 - $120 | $618 - $628 | |
| EPS (diluted) | $1.27 - $1.46 | $7.96 - $8.15 | |
| Adj EPS* | $1.27 - $1.46 | $8.27 - $8.46 | |

* See Appendix for reconciliation of non-GAAP measures. NOTE: Totals may not sum due to rounding.

# 2019 Focus, Actions and Outlook

| | |
|---|---|
| **Latex Binders** | · Slight improvement from 2018<br>· Continue shift to higher growth markets; diversify chemistries<br>· Optimize cost and generate cash |
| **Synthetic Rubber** | · Slight improvement from 2018 excluding expected favorable net timing impacts in 2018<br>· Continue to sell remaining SSBR capacity<br>· Develop and commercialize new technologies<br>· Reduce costs |
| **Performance Plastics** | · Modest improvement from 2018 as volumes and margins normalize through the year<br>· Move up ABS value chain in China with new ABS capacity<br>· Implement pricing actions to better align with product value<br>· Reduce costs |
| **Polystyrene** | · Slight improvement from 2018 due to more normalized customer buying patterns<br>· Implement price initiatives in differentiated segments<br>· Optimize cost and generate cash |
| **Feedstocks** | · Similar to 2018 excluding unplanned outages<br>· Maintain consistent and reliable production<br>· Optimize cost and generate cash |
| **Americas Styrenics** | · Similar to 2018 excluding unplanned outages<br>· Maintain consistent and reliable production<br>· Optimize cost and generate cash |

## 2019 Outlook

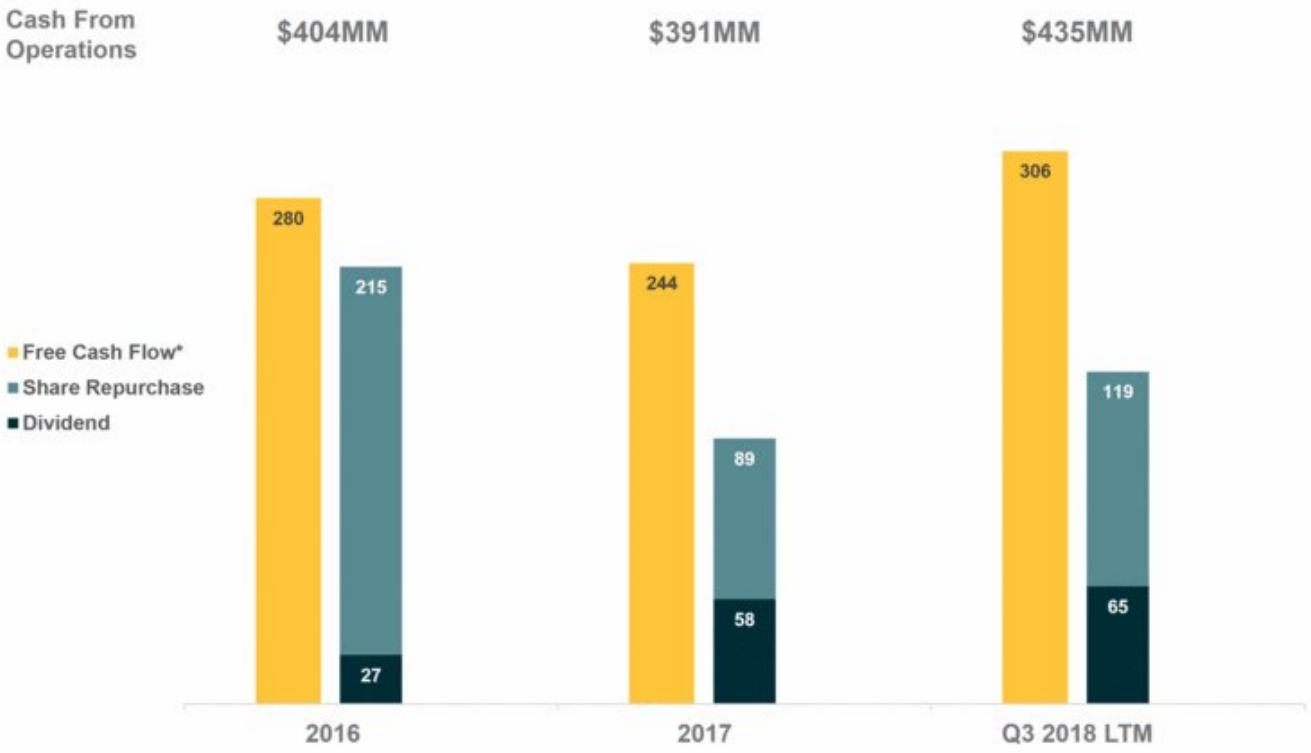
- Net Income of $344 million to $368 million
- Adjusted EBITDA* of $600 million to $630 million
- Diluted EPS and Adjusted EPS* of $7.94 to $8.49
- Capital Expenditures of ~ $120 million
- Cash paid for taxes of ~ $90 million
- Cash paid for interest of ~ $45 million

## Assumptions

- No unplanned styrene outages; there has been an average over the last four years of $30 million of Adjusted EBITDA benefit due to unplanned outages
- Gradual recovery of market conditions through the first half of 2019

* See Appendix for reconciliation of non-GAAP measures.

# Shareholder Return ($MM)




**Shareholder returns consistently a high percentage of cash generated**

* See Appendix for reconciliation of non-GAAP measures.

# Appendix

# US GAAP to Non-GAAP Reconciliation

TRINSEO

## Profitability Outlook

| (In $millions, unless noted) | Three Months Ended Dec 31, 2018 | Year Ended Dec 31, 2018 | Year Ended Dec 31, 2019 |
|---|---|---|---|
| Adjusted EBITDA | 110 - 120 | 618 - 628 | 600 - 630 |
| Interest expense, net | (10) | (46) | (40) |
| Provision for income taxes | (13) - (15) | (77) - (79) | (86) - (92) |
| Depreciation and amortization | (32) | (128) | (130) |
| Reconciling items to Adjusted EBITDA | -- | (18) | -- |
| **Net Income** | **55 - 63** | **348 - 356** | **344 - 368** |
| Reconciling items to Net Income | -- | 13 | -- |
| Adjusted Net Income | 55 - 63 | 362 - 370 | 344 - 368 |
| | | | |
| Weighted avg shares - diluted (MM) | 43.3 | 43.7 | 43.3 |
| EPS - diluted ($) | 1.27 - 1.46 | 7.96 - 8.15 | 7.94 - 8.49 |
| Adjusted EPS ($) | 1.27 - 1.46 | 8.27 - 8.46 | 7.94 - 8.49 |

## Cash Generation

| (In $millions) | Last Twelve Months Sep 30, 2018 | Year Ended Dec 31, 2018 | Year Ended Dec 31, 2019 |
|---|---|---|---|
| Cash provided by operating activities | 435 | 380 - 410 | 370 - 420 |
| Capital expenditures | (129) | (130) | (120) |
| Free Cash Flow | 306 | 250 - 280 | 250 - 300 |

NOTE: For definitions of non-GAAP measures as well as descriptions of reconciling items from Net Income to Adjusted EBITDA and to Adjusted Net Income, refer to the accompanying Exhibit 99.1 – Press Release, November 8, 2018. Totals may not sum due to rounding.

# US GAAP to Non-GAAP Reconciliation

TRINSEO

| *(in $millions, unless noted)* | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 | Q1'18 | Q2'18 | Q3'18 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | **76.7** | **95.8** | **67.3** | **78.5** | **117.3** | **60.2** | **33.2** | **117.7** | **120.3** | **98.3** | **74.7** | **133.6** | **318.3** | **328.3** |
| Interest expense, net | 18.9 | 18.8 | 18.8 | 18.4 | 18.2 | 18.7 | 18.4 | 14.8 | 14.9 | 10.8 | 10.1 | 93.2 | 75.0 | 70.1 |
| Provision for income taxes | 21.9 | 28.6 | 16.0 | 20.5 | 29.3 | 18.8 | 8.3 | 26.4 | 24.9 | 20.4 | 19.2 | 70.2 | 87.0 | 82.8 |
| Depreciation and amortization | 23.2 | 24.9 | 23.8 | 24.7 | 24.7 | 26.3 | 29.2 | 30.3 | 31.9 | 32.3 | 31.8 | 96.8 | 96.4 | 110.6 |
| EBITDA | 140.7 | 168.1 | 125.9 | 142.1 | 189.5 | 124.0 | 89.1 | 189.2 | 192.0 | 161.8 | 135.8 | 393.8 | 576.7 | 591.8 |
| Loss on extinguishment of long-term debt | - | - | - | - | - | - | 65.3 | - | - | 0.2 | 0.0 | 95.2 | - | 65.3 |
| Other items | 1.8 | 0.3 | 0.3 | (6.8) | - | - | 1.6 | (21.6) | 2.7 | 6.8 | 6.1 | 2.2 | (4.4) | (19.9) |
| Restructuring and other charges | 0.7 | 1.1 | 16.8 | 4.9 | 2.1 | 1.1 | 1.5 | 1.2 | 0.5 | 1.2 | 0.9 | 0.8 | 23.5 | 6.0 |
| Net (gains) / losses on dispositions of businesses and assets | - | 12.9 | 0.3 | 1.8 | (9.9) | - | 0.2 | - | (0.5) | - | - | - | 15.1 | (9.7) |
| Acquisition transaction and integration costs | - | - | - | - | - | 1.1 | 3.8 | (0.1) | 0.3 | 0.2 | 0.1 | - | - | 4.7 |
| Asset impairment charges or write-offs | - | - | - | - | - | - | 4.3 | - | - | - | - | - | - | 4.3 |
| Adjusted EBITDA | 143.2 | 182.4 | 143.3 | 142.0 | 181.7 | 126.2 | 165.8 | 168.7 | 195.0 | 170.2 | 142.9 | 492.0 | 610.9 | 642.5 |
| Adjusted EBITDA to Adjusted Net Income | | | | | | | | | | | | | | |
| Adjusted EBITDA | 143.2 | 182.4 | 143.3 | 142.0 | 181.7 | 126.2 | 165.8 | 168.7 | 195.0 | 170.2 | 142.9 | 492.0 | 610.9 | 642.5 |
| Interest expense, net | 18.9 | 18.8 | 18.8 | 18.4 | 18.2 | 18.7 | 18.4 | 14.8 | 14.9 | 10.8 | 10.1 | 93.2 | 75.0 | 70.1 |
| Provision for income taxes - Adjusted | 22.4 | 28.8 | 21.4 | 22.0 | 29.5 | 19.2 | 21.0 | 28.4 | 26.0 | 22.3 | 21.9 | 84.9 | 94.6 | 98.2 |
| Depreciation and amortization - Adjusted | 22.6 | 24.9 | 23.3 | 24.7 | 24.2 | 25.8 | 28.6 | 30.0 | 31.7 | 32.1 | 31.5 | 89.3 | 95.4 | 108.6 |
| Adjusted Net Income | 79.3 | 109.9 | 79.8 | 76.9 | 109.8 | 62.5 | 97.8 | 95.5 | 122.4 | 105.0 | 79.4 | 224.6 | 345.9 | 365.6 |
| *Wtd Avg Shares - Diluted (000)* | *49,086* | *47,857* | *46,961* | *45,754* | *45,313* | *44,995* | *44,782* | *44,734* | *44,430* | *43,810* | *43,347* | *48,970* | *47,478* | *44,973* |
| *Adjusted EPS - Diluted ($)* | *1.62* | *2.30* | *1.70* | *1.68* | *2.42* | *1.39* | *2.18* | *2.14* | *2.76* | *2.40* | *1.83* | *4.59* | *7.28* | *8.13* |
| *Adjustments by Statement of Operations Caption* | | | | | | | | | | | | | | |
| *Loss on extinguishment of long-term debt* | - | - | - | - | - | - | *65.3* | - | - | *0.2* | - | *95.2* | - | *65.3* |
| *Cost of sales* | - | - | - | - | - | - | *2.4* | *(18.4)* | - | *1.2* | - | - | - | *(16.0)* |
| *Selling, general and administrative expenses* | *2.5* | *1.4* | *17.1* | *4.9* | *2.1* | *2.2* | *7.6* | *(2.1)* | *3.5* | *6.5* | *7.1* | *3.0* | *25.9* | *9.9* |
| *Other expense (income), net* | - | *12.9* | *0.3* | *(5.0)* | *(9.9)* | - | *1.4* | - | *(0.5)* | *0.5* | - | - | *8.3* | *(8.5)* |
| *Total EBITDA Adjustments* | *2.5* | *14.3* | *17.4* | *(0.1)* | *(7.8)* | *2.2* | *76.7* | *(20.5)* | *3.0* | *8.4* | *7.1* | *98.2* | *34.2* | *50.7* |
| *Free Cash Flow Reconciliation* | | | | | | | | | | | | | | |
| Cash provided by (used in) operating activities | 84.9 | 94.8 | 145.0 | 79.0 | (25.7) | 62.3 | 158.3 | 196.5 | 40.8 | 141.6 | 56.1 | 421.9 | 403.7 | 391.3 |
| Capital expenditures | (26.4) | (26.7) | (29.5) | (41.2) | (36.0) | (38.2) | (34.6) | (38.5) | (30.6) | (28.9) | (31.5) | (109.3) | (123.9) | (147.4) |
| Free Cash Flow | 58.4 | 68.1 | 115.5 | 37.8 | (61.7) | 24.1 | 123.7 | 158.0 | 10.2 | 112.7 | 24.6 | 312.6 | 279.8 | 243.9 |

NOTE: Totals may not sum due to rounding.

# Selected Segment Information

TRINSEO

| *(in $millions, unless noted)* | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 | Q1'18 | Q2'18 | Q3'18 | 2016 | 2017 | Q3'18 LTM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Latex Binders | 299 | 310 | 318 | 309 | 301 | 287 | 298 | 276 | 274 | 289 | 285 | 1,236 | 1,161 | 1,124 |
| Synthetic Rubber | 146 | 148 | 150 | 159 | 179 | 158 | 137 | 144 | 164 | 161 | 141 | 604 | 617 | 610 |
| Performance Plastics | 335 | 342 | 314 | 302 | 344 | 325 | 337 | 339 | 351 | 352 | 364 | 1,293 | 1,345 | 1,407 |
| Polystyrene | 377 | 352 | 335 | 341 | 311 | 345 | 351 | 342 | 308 | 381 | 339 | 1,404 | 1,349 | 1,370 |
| Feedstocks | 194 | 195 | 207 | 163 | 168 | 238 | 206 | 224 | 143 | 187 | 236 | 759 | 836 | 790 |
| **Trade Volume (MMLbs)** | **1,352** | **1,347** | **1,324** | **1,273** | **1,302** | **1,352** | **1,329** | **1,325** | **1,241** | **1,370** | **1,365** | **5,296** | **5,308** | **5,301** |
| | | | | | | | | | | | | | | |
| Latex Binders | 209 | 232 | 243 | 241 | 289 | 292 | 266 | 250 | 255 | 281 | 278 | 925 | 1,097 | 1,065 |
| Synthetic Rubber | 102 | 111 | 113 | 124 | 163 | 174 | 119 | 127 | 149 | 155 | 138 | 451 | 583 | 569 |
| Performance Plastics | 304 | 326 | 301 | 287 | 337 | 339 | 362 | 381 | 403 | 413 | 401 | 1,218 | 1,419 | 1,597 |
| Polystyrene | 208 | 221 | 198 | 201 | 228 | 233 | 238 | 241 | 240 | 286 | 252 | 828 | 941 | 1,019 |
| Feedstocks | 71 | 79 | 81 | 64 | 87 | 107 | 111 | 103 | 75 | 102 | 131 | 294 | 408 | 411 |
| **Net Sales** | **894** | **970** | **935** | **917** | **1,104** | **1,145** | **1,097** | **1,102** | **1,122** | **1,237** | **1,200** | **3,717** | **4,448** | **4,660** |
| | | | | | | | | | | | | | | |
| Latex Binders | 19 | 21 | 30 | 24 | 37 | 36 | 32 | 33 | 27 | 36 | 25 | 94 | 139 | 122 |
| Synthetic Rubber | 23 | 30 | 28 | 29 | 46 | 28 | (6) | 15 | 26 | 31 | 15 | 111 | 83 | 87 |
| Performance Plastics | 59 | 66 | 53 | 53 | 52 | 48 | 62 | 68 | 66 | 49 | 44 | 232 | 231 | 226 |
| Polystyrene | 14 | 15 | 11 | 12 | 14 | 7 | 9 | 19 | 10 | 14 | 5 | 52 | 48 | 47 |
| Feedstocks | 21 | 33 | 13 | 14 | 42 | (1) | 46 | 24 | 42 | 32 | 40 | 80 | 111 | 138 |
| Americas Styrenics | 33 | 38 | 34 | 31 | 18 | 30 | 44 | 31 | 46 | 33 | 35 | 136 | 123 | 144 |
| Corporate | (25) | (21) | (26) | (22) | (27) | (22) | (22) | (21) | (20) | (25) | (21) | (95) | (92) | (87) |
| **Adjusted EBITDA*** | **143** | **182** | **143** | **142** | **182** | **126** | **166** | **169** | **195** | **170** | **143** | **611** | **642** | **677** |
| | | | | | | | | | | | | | | |
| Adj EBITDA Variance Analysis | | | | | | | | | | | | | | |
| Net Timing* Impacts - Fav/(Unfav) | | | | | | | | | | | | | | |
| Latex Binders | (0) | (4) | 2 | 2 | (8) | 1 | (5) | 4 | (4) | 4 | (3) | (0) | (8) | 1 |
| Synthetic Rubber | (4) | 3 | 1 | 6 | 16 | (4) | (25) | 0 | 2 | 7 | 3 | 6 | (13) | 12 |
| Performance Plastics | 3 | (3) | (1) | 1 | (2) | (3) | 1 | 2 | (0) | (3) | (1) | 0 | (2) | (2) |
| Polystyrene | (1) | 1 | 1 | 1 | 4 | (5) | 1 | 3 | (2) | 1 | (2) | 2 | 3 | 1 |
| Feedstocks | (2) | 4 | 1 | 4 | 11 | (11) | 4 | 7 | (3) | 0 | (2) | 7 | 11 | 3 |
| **Net Timing** Impacts - Fav/(Unfav)** | **(4)** | **0** | **5** | **14** | **22** | **(23)** | **(24)** | **15** | **(7)** | **10** | **(4)** | **15** | **(9)** | **14** |

**Net Timing is the difference between Raw Material Timing and Price Lag. Raw Material Timing represents the timing of raw material cost changes flowing through cost of goods sold versus current pricing. Price Lag represents the difference in revenue between the current contractual price and the current period price.

* See this Appendix for reconciliation of non-GAAP measures. NOTE: Totals may not sum due to rounding.